IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

PANDA HERBAL INTERNATIONAL, INC.	:	CIVIL ACTION
	:	
v.	:	
	:	
JOHN F. LUBY, et al.	:	NO. 05-2943

MEMORANDUM AND ORDER

JACOB P. HART
UNITED STATES MAGISTRATE JUDGE January , 2007

On December 5, 2006, following a seven day trial, the jury returned a verdict in favor of the Plaintiff in this trademark infringement case. Specifically, the jury found that the Defendants had infringed two registered trademarks, thirty-one unregistered marks, and three trademark logos. Additionally, the jury found that the Defendants had violated the Anticybersquatting Consumer Protection Act with respect to twelve domain names. Collectively, these marks, logos, and domain names will be referred to as the "Panda Marks" throughout this Memorandum and Order. As a result of the Defendants activities, the jury assessed damages in the amount of $200,000. The injunctive relief was left for the court. Before the conclusion of the trial, the Plaintiff advised the court that it would be seeking statutory damages for the alleged violations of the Anticybersquatting Consumer Protection Act. The Plaintiff has now filed a Motion to Mold the Verdict to Include an Order Providing for Injunctive Relief. The Defendant objects to the Plaintiff's Motion and the scope of the Plaintiff's proposed Order.

Defense counsel argues that the Civil Judgment entered on December 5, 2006, in accordance with the jury's verdict, is a final order, not subject to molding. Contrary to his new-found protestation, this court made it clear prior to the trial that the court would decide the issue of injunctive relief via a post-verdict motion. Any objection to such procedure should have been

raised at that time. Moreover, this is exactly the procedure utilized by our court in prior trademark infringement cases. See Citizens Financial Group, Inc. v. Citizens National Bank of Evans City, 383 F.3d 110 (3d Cir. 2004)(reversing denial of injunctive relief as contrary to the jury's verdict).

Interestingly, the Defendants do not present any argument regarding the propriety of a permanent injunction in this case. Rather, they merely argue that the scope of the order proposed by the Plaintiff is too broad. Considering the facts of this case and the jury's verdict, we believe that a permanent injunction is appropriate.

> In deciding whether to grant a permanent injunction, the district court must consider whether: (1) the moving party has shown actual success on the merits; (2) the moving party will be irreparably injured by the denial of injunctive relief; (3) the granting of the permanent injunction will result in even greater harm to the defendant; and (4) the injunction would be in the public interest.

Gucci America, Inc. v. Daffy's Inc., 354 F.3d 228, 236 (3d Cir. 2003)(citing Shields v. Zuccarini, 254 F.3d 476, 482 (3d Cir. 2001)).

Unlike the ordinary trademark infringement case, which focuses on confusion, this case hinged on the ownership of the marks at issue, and the ownership of the internet herbal business, Viable Herbal Solutions. The jury's verdict was clear. Panda is the owner of the marks and the company. To allow the Defendant to continue using the marks at issue and the domain names would essentially eviscerate the jury's conclusion. Finally, we note that injunctive relief is in the public interest as is evidenced by the Federal Trade Commission's prior dealings with Panda.

As we mentioned before, the Defendants do object to the scope of the order proposed by the Plaintiff. Looking at the language of the proposed order, we agree with the Defendants that certain language in the order is "so vague and overbroad as to create a risk of future litigation," a scenario this court would prefer to avoid. (Defense Response, at 2). The Defendants direct the

court's attention to paragraph 1k of the proposed order, in which the Plaintiff proposes that the Defendants be prohibited "[f]rom using or registering any tradename or domain name which includes a Panda Mark, or part thereof." Although nit-picky, read literally, this would mean that the Defendants could not use the word "herbal" in their business because "Viable Herbal Solutions" was one of the unregistered tradenames that the jury found the Defendant had misused. Thus, we will rein in the prohibitions with respect to the use of the tradenames. The Defendants may not use language identical or confusingly similar to any of the registered or unregistered tradenames or logos.

The Defendants also complain that certain language in the proposed order requests privileged information. For example, the Plaintiff's order requires the Defendants to identify each person, entity, etc., to whom the Defendants delivered any business record of Panda, on or after January 1, 2005. The Defendants maintain that such information is privileged. We disagree. If the documents or records are Panda's, Panda has every right to know to whom its business information has been disclosed.

The Defendants argue that the proposed order also imposes arbitrary limitations on their future disclosure of Panda's files. The proposed order prohibits the Defendants from "revealing or delivering any documents, electronic files, or business records of Panda to any third person." (Proposed Order, at ¶1m). The Defendants point out that such records and documentation may be necessary for Internal Revenue reporting. We agree. Certain disclosure may be necessary for governmental reporting purposes. However, we believe that Panda is entitled to be informed of any such disclosure.

Therefore, we will grant the Plaintiff injunctive relief, but decline to adopt the order proposed by Panda.

The only remaining issue for the court is the amount of damages to which the Plaintiff is entitled for Defendants' violation of the Anticybersquatting Consumer Protection Act, (ACPA), 15 U.S.C. § 1125(d). The jury found, pursuant to the court's instructions, that Defendants violated the ACPA with respect to twelve internet domain names, owned by the Plaintiff. Prior to the conclusion of the trial, the Plaintiff informed the court and defense counsel that it would be seeking statutory damages rather than actual damages.

Statutory damages for violations of ACPA are provided for by 15 U.S.C. § 1117(d), which allows the court to award damages from $1,000 to $100,000, per domain name, as the court considers just. With respect to eleven of the twelve domain names at issue, there was no evidence that the Defendants actually utilized the domain names in their herbal business. Therefore, we will award only $1,000 per domain name for eleven of the domain names.

The twelfth domain name, www.viableherbalsolutions.com, however, was the mainstay of the Defendants' herbal business. Yet, as we said before, this case was more akin to a business dispute rather than an infringement case. The jury essentially found that the business belongs to the Plaintiff. Although we believe the Plaintiff is entitled to more than the nominal $1,000 for Defendants' use of the viableherbal website, justice does not require a significant award. We believe $5,000 is just.

The ACPA also provides for reasonable attorneys' fees in exceptional cases. 15 U.S.C. § 1117(a). The Third Circuit has adopted the standard for trademark infringement cases in determining whether an ACPA case is "exceptional."

> [A] district court must make a finding of culpable conduct on the part of the losing party, such as bad faith, fraud, malice, or knowing infringement before a case qualifies as "exceptional."

Shields v. Zuccarini, 254 F.3d 476, 487 (3d Cir. 2001)(quoting Ferrero U.S.A., Inc. v. Ozak

Trading, Inc., 952 F.2d 44, 47 (3d Cir. 1991)). In Zuccarini, the Honorable Stewart Dalzell found that the case was exceptional, warranting attorneys' fees. The Third Circuit agreed.

> The district court found that Zuccarini acted willfully and in bad faith when he registered the "Joe Cartoon" domain names in an effort to confuse people and to divert Internet traffic to his web sites for his own economic gain. The court found that Zuccarini conducted no bona fide business related to Joe Cartoon and that he had no basis on which to believe his use of the domain names was fair and lawful.

Id.

Ours is not a case of a cybersquatter whose business is registering and hoarding domain names for profit. This was a business dispute between former friends. It does not fall into the category of "exceptional," warranting attorneys' fees.

An appropriate Order, granting injunctive relief and statutory damages for Defendants' violations of the ACPA follows.

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O R D E R

AND NOW, this day of , 2007, upon consideration of the Plaintiff's Motion to Mold the Verdict to Include an Order Providing for Injunctive Relief, the response, thereto, and for the reasons set forth in the accompanying Memorandum, IT IS HEREBY ORDERED that the Motion to Mold the Verdict (Doc. 90), is GRANTED IN PART and DENIED IN PART. The Civil Judgment is molded to include the following injunctive relief:

1. The Defendants, John F. Luby, Vanessa Luby, and Viable Herbal Solutions, Inc., shall be enjoined from the following:

a. Using or registering, any of the registered trademarks, unregistered trademarks, trademark logos, and domain names that were the subject of this litigation in the same or confusingly similar form;

b. Using or registering any mark which is confusingly similar to the Panda Marks;

c. Committing any acts which cause purchasers or potential purchasers to believe that any Luby herbal or herbal supplement product, advertised, distributed, or sold, is a Panda product, or is authorized by or related to Panda.

d. Destroying or altering any documents, electronic files, or business records that

relate to the copying, reproduction, manufacture, duplication, dissemination, purchase, distribution, marketing, or sale of any products subject to the provisions of this Order from 1996 to the present;

e. Revealing or delivering any documents, electronic files, or business records of Panda to any third person, other than as needed for governmental reporting; (The Defendants shall immediately advise Panda of any such disclosure.).

2. The Defendants shall immediately "take down" and/or "disable" all websites and links located at any of the domain names referenced in the jury's verdict, and any and all pages, related sites, or links thereto, and shall "take down" and/or disable any link between any of the domain names referenced in the jury's verdict to any website owned or controlled by the Defendants.

3. The Defendants shall take whatever action necessary to have the ICANN Registrar(s) transfer all of the domain names referenced in the jury's verdict to Panda.

4. The Defendants shall, unless directed by Panda in writing, within 7 business days of the entry of this Order, withdraw with prejudice and/or dismiss any and all corporate registrations, fictitious name registrations, and/or trademark applications in any state or federal jurisdiction for registration and/or recording of any and all names or marks which are identical to or confusingly similar to the Panda Marks.

5. The Defendants shall, within 7 business days of the entry of this Order, identify each person, entity, or attorney to whom they delivered any business record of Panda on or after January 1, 2005, and shall identify any business record delivered.

6. The Defendants shall, within 10 business days of the entry of this Order, make available to Panda any documents, electronic files, or business records from 1996 to the present that relate to the herbal supplements manufactured, marketed, sold, or distributed utilizing any of

the Panda Marks.

7. The deadlines set forth in this Order may be extended by agreement of the parties without further intervention of the Court.

8. No later than 15 business days from the date of the entry of this Order, or such later date as agreed in writing between the parties, the Defendants shall certify to the Court the Defendants' compliance with this Order.

IT IS FURTHER ORDERED, as explained in the accompanying Memorandum, that the Plaintiff is awarded a total of $16,000 for Defendants' violations of the Anticybersquatting Consumer Protection Act.

BY THE COURT:

_____

JACOB P. HART
UNITED STATES MAGISTRATE JUDGE

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AMENDED CIVIL JUDGMENT

Before the Honorable JACOB P. HART

AND NOW, this 4th day of January, 2007, in accordance with the jury's verdict, the molding done by the court, the addition of statutory fees pursuant to 15 U.S.C. § 1117(d), and the injunctive relief granted by the court,

IT IS ORDERED that Judgment be and the same is hereby entered in favor of Plaintiff and against the Defendants, John F. Luby, Vanessa Luby, and Viable Herbal Solutions, Inc., in the amount of $216,000, with the injunctive relief granted by this Court's separate Order.

BY THE COURT

ATTEST:
Anna Marie Plum
Deputy Clerk

Civ 1 (8/80)